

**NORFOLK, VIRGINIA**  
**REGULAR SESSION OF COUNCIL**  
**TUESDAY, JULY 2, 2013**

President Fraim called the meeting to order at 2:00 p.m. with the following members present: Mr. Burfoot, Mr. Riddick, Mr. Smigiel, Dr. Whibley, Ms. Williams and Mr. Winn. Mr. Protogyrou was absent.

He thereupon called for the first item of business.

**A. COUNCIL INTERESTS**

1. Councilman Winn inquired about televising City Planning Commission meetings, stating that he would like to put it on the table.

**B. FINANCIAL POLICIES**  
**PRESENTATION**

Sabrina Joy-Hogg, Assistant City Manager, reported as follows:

The city has longstanding practices of using ratios for managing debt, and includes two internal triggers: 1) debt service as a percent of our General Fund budget which cannot exceed ten percent; 2) net debt as a percent of taxable property. When assessments go down, the net debt ratio suffers. She stated that policies need to be formalized and methods developed when they are violated and how to get back into compliance, which is what the rating agencies are looking for. If ratios are exceeded, a plan will be prepared to get back into compliance with those ratios. With some of our projects that were previously funded, we are projected to go above the ratios within the next few years. This will be managed as has been done during the recession. Going back to the use of the surplus, the pay as you go capital budget is a wise investment to put whatever surplus we have into capital because it is a one-shot deal.

The second area is the parking fund which also needs a formal policy. In September the city will go to the bond market. We need to let the bond rating agencies know that this is a self supporting fund and in doing so we have to have reserves and policies in place. One is to have a cash balance on hand anywhere from 240 to 270 days, which we already have. This tells the rating agency enough cash is on hand to pay debt service. We need to demonstrate to

the rating agencies that this will stay self-supporting. This is about reassuring the rating agencies that this fund will never become a burden on our general fund. We will continue to have the reserves that we currently have for repair and replacement.

In terms of next steps, a resolution will be presented in July on the policies. They will continue to be monitored and revisited at least once every two or three years. As the economy improves, we might examine raising caps, minimums and maximums, and present additional financial policies and guidelines as warranted.

Mayor Fraim asked when they plan to bring the resolution to Council. In response, City Manager Jones stated that they would like to do it the last voting meeting this month.

Ms. Joy-Hogg stated that in July they will come back to Council with an Ordinance with a not to exceed amount because they will be going to the market in September. So they will come back to Council with both of them.

## **C. SENIOR AND DISABLED TAX RELIEF**

### **PRESENTATION**

The City Manager, Marcus Jones offered background to the presentation noting discussion of restricting the tax relief program first occurred in August, 2011 that status updates were provided in March, September and October of 2012, as recommendation from the administration was provided in January 2013 with council adoption of the recommendation in February, 2013.

He noted in FY2012 the city provided \$7.5 million in tax relief with a projection of \$6.9 million in FY2013. Norfolk ranks second among cities in Virginia in providing property tax relief to seniors and disabled and offers more than the 20 most fiscally stressed communities combined.

Assistant City Manager, Sabrina Joy-Hogg reviewed the increased limits for income and net worth which presently are \$67,000 and \$350,000 respectively. Also presented was a comparison of eligibility limits among Hampton Roads communities.

Localities are required to provide 100% real estate tax exemption on their primary residence for disabled veterans, who also are not subject to income and net worth limits.

There is now a \$5 million cap for the program and an assessment cap and a deferred component.

Steve Hawks, Director of Human Services and whose department manages the program, reported as follows:

- Outreach efforts include direct mail, community outreach sessions, newspaper, press releases, email announcements, brochures, television announcements and social media.
- Administrative challenges include volume, software reprogramming and past practices.
- There was confusion among citizens about changes to the program and led to customer complaints.
- 4062 applications were received for FY2014; 264 veterans to date received 100% exemptions for FY2014; 852 applicants elected not to participate; projected relief is approaching the \$5 million cap.
- When the relief exceeds the \$5 million cap, the relief in each deferral category would be prorated.

Mr. Smigiel asked why the deferral is subject to 3 1/2 % interest, commenting he does not believe it should be assessed. Dr. Whibley concurred.

Mayor Fraim asked the City Manager to report back to council when or if the program approaches the cap.

## **D. CLOSED SESSION**

Motion for closed session was approved for purposes which are set out in Clause 1 and 3 of subsection (A) of Section 2.2-3711 of the Virginia Freedom of Information Act, as amended:

- (1) Discussion of candidates for appointment to city boards, commissions and authorities.
- (3) Discussion of the disposition of publicly held real property in the Ocean View, North Military Highway and downtown areas of the city.

Yes: Burfoot, Riddick, Smigiel, Whibley, Williams, Winn and Fraim.

No: None.